

in Afghanistan are now bogged down in an unending and deadly war with the Taliban and defending the corrupt Afghan Government. To this day, the government in Kabul, led by President Karzai, has not been able to take charge of its country, even as it has been able to provide enormous favors for the President's cronies and family.

In these difficult times, we cannot afford to spend tens of billions of dollars per month defending a corrupt regime. We cannot afford to continue to provide payments to contractors who turn around and use those payments to pay off the very same Taliban who are killing our troops in Afghanistan. But above all, our soldiers cannot be asked to continue to risk their lives for years and years to come. Instead, it is time to bring all of our troops home and to invest in America instead. By doing so, we can honor the enormous sacrifice that our troops have made, and at the same time ensure that they have a strong and prosperous country to come home to.

HOLDING CHINA TO ACCOUNT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. FRANK) for 5 minutes.

Mr. FRANK of Massachusetts. Madam Speaker, I want to quote from a column earlier this week written by Paul Krugman, who does an extraordinarily good job of presenting the case for a change in our economic policies to deal with the unemployment that plagues not just us, but others in the world.

The column is headlined "Holding China to Account." And he begins: "The dire state of the world economy reflects destructive actions on the part of many players. Still, the fact that so many have behaved badly shouldn't stop us from holding individual bad actors to account." And that's what Senate leaders will be doing this week—they did it already, they've begun the process—as they take up legislation that would threaten sanction against China and other currency manipulators.

Respectable opinion is aghast, but respectable opinion has been consistently wrong lately, and the currency issue is no exception.

China has an enormous trade surplus with the United States, and a significant part of that is due to their conscious intervention to undervalue their currency. Now, that comes, to some extent, at the expense of some in China in terms of the cost of living. On the other hand, it provides employment.

There are of course other ways in which China interferes with the free trade to which they supposedly adhered when they were allowed to join the WTO, a move I voted against. They are manipulating the rare-earth situation, restricting exports illegitimately to force companies to come there. We recently had a situation where General

Motors was told that they wouldn't be allowed to sell their electric car in China unless they gave up their technology—again, a blatant violation.

So we should be more aggressive in general. But particularly on the currency issue, the manipulation by the Chinese is quite clear. As Mr. Krugman points out: "To get our trade deficit down, we need to make American products more competitive, which in practice means that we need the dollar's value to fall in terms of other currencies . . . but sensible policymakers have long known that sometimes a weaker currency means a stronger economy, and have acted on that knowledge."

"The United States can't and shouldn't be equally aggressive to Switzerland. But given our economy's desperate need for more jobs, a weaker dollar is very much in our national interest—and we can and should take action against countries that are keeping their currencies undervalued, and thereby standing in the way of a much needed decline in our trade deficit. That, above all, means China."

Now, I am very pleased to say, as Mr. Krugman notes, that the Senate is moving ahead on this, and a bipartisan majority in the Senate is voting for this bill. I was disappointed to see the Republican leadership in this body announce that they won't take the bill up. It is extraordinary to me that the Republican leadership of this body apparently plans to go to the defense of the Chinese economy by not allowing a bill that got bipartisan support in the Senate to allow us to respond to Chinese unfair manipulation of their currency.

Now, there is one argument against it, which is, well, we'd better be careful, we might make them angry. They might retaliate. How do they retaliate beyond what they're doing? The Chinese are in violation in area after area of the very free-trade rules to which they said they were there.

There is this view that goes around in this country that almost everybody in the world is doing us a favor by letting us be nice to them. The notion that we somehow will anger China ignores the way the Chinese are now behaving, and it ignores the economics. China has much more to lose in a dispute with the United States economically than we do. They have this enormous trade surplus with us. They buy American debt, it is true, not as a favor to us, but because that's the safest place to put their debt. If they had a better place to put it, they would put it somewhere else. This is no favor to us.

I am for an American role of cooperation with the world. I wish we would do more to alleviate hunger, to fight illness in poor countries. I am very much in favor of our continuing to work with the multilateral organizations, but this notion that we should not stand up for our own legitimate economic interests against a nation like China—which is

so abusive of the process—because they might get mad at us is simply a total misreading of the situation.

So I ask that Mr. Krugman's column, documenting the case for the Senate legislation that directs our administration to take action against Chinese currency manipulation, be put in the RECORD.

And I want America to be cooperative with the rest of the world. I want us to share our wealth in ways that will help people who are desperately poor. But this notion—and it really comes down to this—that we have somehow taken on this geopolitical role, where we are the guarantors of stability everywhere in the world and therefore we should not be too aggressive in our own interests because we might—we should not ever be putting the legitimate economic needs of our citizens above geopolitical interests, that is wrong; and Mr. Krugman documents it.

[From the New York Times, Oct. 2, 2011]

HOLDING CHINA TO ACCOUNT

(By Paul Krugman)

The dire state of the world economy reflects destructive actions on the part of many players. Still, the fact that so many have behaved badly shouldn't stop us from holding individual bad actors to account.

And that's what Senate leaders will be doing this week, as they take up legislation that would threaten sanctions against China and other currency manipulators.

Respectable opinion is aghast. But respectable opinion has been consistently wrong lately, and the currency issue is no exception.

Ask yourself: Why is it so hard to restore full employment? It's true that the housing bubble has popped, and consumers are saving more than they did a few years ago. But once upon a time America was able to achieve full employment without a housing bubble and with savings rates even higher than we have now. What changed?

The answer is that we used to run much smaller trade deficits. A return to economic health would look much more achievable if we weren't spending \$500 billion more each year on imported goods and services than foreigners spent on our exports.

To get our trade deficit down, however, we need to make American products more competitive, which in practice means that we need the dollar's value to fall in terms of other currencies. Yes, some people will shriek about "debasing" the dollar. But sensible policy makers have long known that sometimes a weaker currency means a stronger economy, and have acted on that knowledge. Switzerland, for example, has intervened massively to keep the franc from getting too strong against the euro. Israel has intervened even more forcefully to weaken the shekel.

The United States, given its special global role, can't and shouldn't be equally aggressive. But given our economy's desperate need for more jobs, a weaker dollar is very much in our national interest—and we can and should take action against countries that are keeping their currencies undervalued, and thereby standing in the way of a much-needed decline in our trade deficit.

That, above all, means China. And none of the arguments against holding China accountable can stand serious scrutiny.

Some observers question whether we really know that China's currency is undervalued. But they're kidding, right? The flip side of

the manipulation that keeps China's currency undervalued is the accumulation of dollar reserves—and those reserves now amount to a cool \$3.2 trillion.

Others warn of bad consequences if the Chinese stop buying United States bonds. But our problem right now is precisely that too many people want to park their money in American debt instead of buying goods and services—which is why the interest rate on long-term U.S. bonds is only 2 percent.

Yet another objection is the claim that Chinese products don't really compete with U.S.-produced goods. The rebuttal is fairly technical; let me just say that those making this argument both overstate the case and fail to take the indirect effects of Chinese currency policy into account.

In the last few days a new objection to action on the China issue has surfaced: right-wing pressure groups, notably the influential Club for Growth, oppose tariffs on Chinese goods because, you guessed it, they're a form of taxation—and we must never, ever raise taxes under any circumstances. All I can say is that Democrats should welcome this demonstration that antitax fanaticism has reached the point where it trumps standing up for our national interests.

To be fair, there are some arguments against action on China that would carry some weight if the times were different. One is the undoubted fact that inflation in China, which is raising labor costs in particular, is gradually eliminating that nation's currency undervaluation. The operative word, however, is "gradually": something that brings the United States trade deficit down over four or five years isn't good enough when unemployment is at disastrous levels right now.

And the reality of the unemployment disaster is also my answer to those who warn that getting tough with China might unleash a trade war or damage world commercial diplomacy. Those are real risks, although I think they're exaggerated. But they need to be set against the fact—not the mere possibility—that high unemployment is inflicting tremendous cumulative damage as we speak.

Ben Bernanke, the chairman of the Federal Reserve, said it clearly last week: unemployment is a "national crisis," with so many workers now among the long-term unemployed that the economy is at risk of suffering long-run as well as short-run damage.

And we can't afford to neglect any important means of alleviating that national crisis. Holding China accountable won't solve our economic problems on its own, but it can contribute to a solution—and it's an action that's long overdue.

WE CAN ALL AGREE ON THE NEED FOR JOBS

The SPEAKER pro tempore. The Chair recognizes the gentleman from Georgia (Mr. WOODALL) for 5 minutes.

Mr. WOODALL. Madam Speaker, as you know, when folks turn on C-SPAN, it's not hard to find those things that divide us here on the House floor. We can talk to anybody that we see walking around the Capitol today, and they could talk about those issues that divide us as a Nation. But I'm a firm believer that there is actually more that unites us as a Nation than divides us. And I know one of the things that unites this House in this time in our Nation's history, more than in others, is that desire to create jobs for American families.

We all have those families in our districts that are struggling with fore-

closure right now, Madam Speaker. We all have those families in our districts that are struggling with layoffs. And we have those families in our districts that are the small business owners that actually drive this economy.

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That's another area of agreement we have, Madam Speaker. Folks know it's not the big businesses in America that hire; it's the little businesses in America. It's those entrepreneurs out there. It's those folks who think that they have an idea. It's that husband and wife team who goes out and says, I can do it better, and they hang out their own shingle.

But anybody who's talked to those small business men and women these days, Madam Speaker, knows that folks have a tough time getting access to credit. It seems now in America the only people who can borrow money are folks who don't need any money at all. And that's a challenge. That's a challenge because what makes this economy grow are those folks who say: I can use that money better. I can do something more efficiently. I can add productivity if only you'll take a chance on me.

But the regulators, Madam Speaker, that's what I hear from my bankers: My regulators won't let me lend anymore. That's what I hear from my bankers: The regulators came in, ROB, and told me I can't give any more money out to small businesses.

So where are we? Where are we? What's going to hire our young people, Madam Speaker? What's going to fuel the economy? What's going to pay the Social Security taxes that need to be paid if we can't create those jobs?

Well, I want to talk about something else that unites us as a House, and that's H.R. 1418. It's the Small Business Lending Enhancement Act, Madam Speaker, and it's sponsored by 33 Republicans and 51 Democrats. You don't hear that very often when you watch C-SPAN, Madam Speaker. I know that to be true. But about half Republicans and about half Democrats come together on what is called the Small Business Lending Enhancement Act that says to our credit unions, those small institutions in each of our communities, be a part of job creation.

I ran for Congress, Madam Speaker, on the platform that it's not that the government does too little; it's that the government does too much. There's nothing wrong with the foundation of America. It's the way we've hamstrung America with additional rules and regulations. Our credit unions are in that spot.

For folks who don't know, credit unions today are only allowed to lend about 12¼ percent of their assets to small businesses, to businesses at all, in fact, and they want to do more. Folks can't find the money at banks. They come to their credit unions. They say, Can you help? And Congress has said, No. Congress has said, No.

It's not what we need to do. It's what we need to undo. H.R. 1418 undoes that 12¼ percent cap, Madam Speaker, and raises it to 27½. Hear that. Every credit union in America would be able to participate in funding small businesses, in providing the capital that small businesses need to succeed. You can't succeed without capital. Capital's not available in America today. We need to find ways to do that.

Something else you don't hear a lot, Madam Speaker, is where the House and the Senate are coming together on things. These days, more than most, it seems hard to find those things that the House and Senate agree on. But to be clear, this bill has been introduced in the Senate, too. It's S. 509 on the Senate side, and it has 20 cosponsors in the Senate, so that's about one-fifth of the Senate is already on board. Eighty-four Members of the House, that's about 20 percent of the House also on board.

This is something we can do, Madam Speaker. It's something we can do today. It doesn't cost the taxpayer a nickel—doesn't cost the taxpayer a nickel—and frees up capital for our small business men and women.

I want folks, Madam Speaker, to look out over the horizon, as you and I do, and say: What's going to change joblessness in this country? What's going to change it?

We have the lowest level of entrepreneurship in this country that we have seen in 30 years—30 years—and it's entrepreneurs that drive this train. It's not the big guys; it's the little guys.

This bill, Madam Speaker, frees up our money that we have put into our credit unions by removing restrictions that we, as a Congress, have placed on our credit unions to allow them to be a part of job growth.

We don't need another stimulus bill. We don't need to spend more taxpayer money. And by "taxpayer money," I mean, as the gentleman from Massachusetts said earlier, money we're borrowing from China to spend on stimulus programs. We can do it simply by undoing those rules and regulations that we've passed already in this House, Madam Speaker.

H.R. 1418, it doesn't do it overnight; it does it gradually. It requires that the regulators be involved. It says only if you have experience in member lending, only if you're well capitalized, and only if you have a history of doing it well.

Let's pass H.R. 1418, Madam Speaker, and let's move it to the Senate.

TRIBUTE TO MS. FAYE STEVENS-JETT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois (Mr. DAVIS) for 5 minutes.

Mr. DAVIS of Illinois. Madam Speaker, I rise to pay tribute to one of my constituents who's spent a great deal of her life bringing joy, happiness, and direction into the lives of others. I